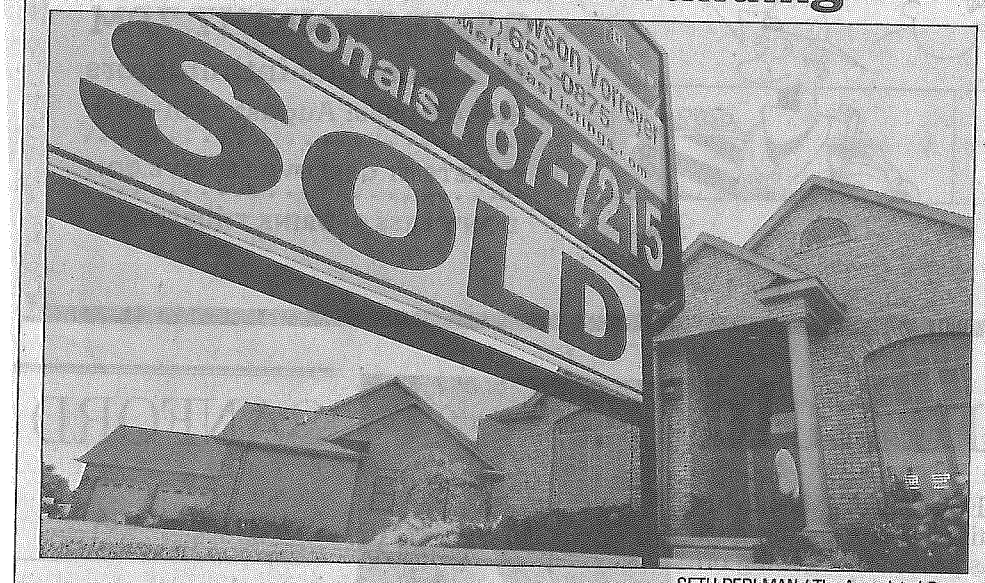
New home sales building



SETH PERLMAN / The Associated Press

A sold sign is posted outside a newly constructed luxury home in Springfield, Ill. New U.S. home sales surged 9.6 percent in July.

Demand for durable goods at two-year high

STAFF, WIRE REPORTS

WASHINGTON — Orders for durable goods rose last month by the largest amount in two years, as the manufacturing sector rebounded from the depths of the recession.

The Commerce Department said Wednesday that orders for goods expected to last at least three years increased 4.9 percent in July, the third rise in the past four months. Analysts expected a 3 percent increase. Orders for June were revised up to a 1.3 percent drop, from a 2.2 percent decline.

More good news came on the housing front. New U.S. home sales jumped 9.6 percent in July, a fourth straight monthly gain that beat analysts' expectations.

The Commerce Department said home sales rose to a seasonally adjusted annual rate of 433,000 from an upwardly revised June rate of 395,000. But the median sales price of $210,100, was down 11.5 percent from $237,300 a year earlier.

The better-than-expected durable goods and housing data followed positive readings Tuesday about consumer sentiment and home prices.

But analysts remain concerned that all-important consumer spending will stay muted as Americans try to rebuild savings decimated by falling home prices and reduced stock portfolios.

"The factory sector is obviously enjoying a rebound in demand, some of it from abroad and some of it linked to inventory rebuilding," Paul Ashworth, senior economist at Capital Economics, wrote in a note to clients. "However, with the consumer still supine, we don't yet have the foundations for a sustainable recovery."

Economists are looking for other parts of the economy, such as business spending, to take up the slack.

The durable goods report, however, showed that orders for non-defense capital goods excluding aircraft, a key measure of business investment, dropped 0.3 percent.

Some economists expected that category to fall after rising in May and June.

Still, in the past three months that category has grown by 15.5 percent, Ashworth said.

Orders for transportation equipment, which rose 18.4 percent, drove the overall increase in durable goods.

Commercial aircraft orders, a volatile category, more than doubled after falling 30 percent in June. Motor vehicle orders increased 0.9 percent.